

January 18, 2007

Chairwoman Clark and Members of the Subcommittee:

My name is Rhoda Miller. I live in Billings. I am CEO of Resource, Support, & Development, Inc. that has provided community services to adults with disabilities in Billings, Red Lodge, Hardin, & Lewistown for 33 years.

I appreciate the Governor's budget request for the \$18 million funding increase over the next biennium, but I urge the committee to fund community programs at the \$30 million increase level that was actually requested by DPHHS, based on an analysis of our real costs of doing business. We need the full \$30 million for two reasons: to raise the rate of reimbursement so that we are able to offer competitive wages to recruit & maintain direct support staff & to keep up with the rising costs of business.

The funding we get from the State enables us to pay only \$8.00/hr to most entry level staff, compared to \$10.00-\$12.50/hr that other human service staff, such as personal care attendants and CNA's are receiving in nursing homes, hospitals, & other similar agencies. Our weighted average salary for direct support staff is only \$9.61/hr, and that includes many staff who have worked for us for 10-30 years. We are also not able to compete with the wages offered LPN's, when we can only offer \$13-\$14/hr in Billings, while hospitals and nursing homes are offering \$18-\$19/hr plus sign-off bonuses and generous benefits. LPN's are a crucial part of our service delivery system, especially to the medically fragile people we support in Billings. We have had some openings for 5 months to a year, because we either cannot get any applicants or they have questionable backgrounds that don't allow us to hire them, nor do we want them to work for us. Our turnover was 45% last year, which means 48 of our 130 employees turned over. In two homes in Red Lodge we had 6 out of 16 staff positions open for a 3-month period. If we are fortunate enough to keep them that long, every time we turn over a staff it costs us approximately \$5,000. We are having to hire people we would never have hired 2-3 years ago. A GOOD applicant these days is someone who just has a few misdemeanor thefts or one who has two DUI's and a bad driving record. The lack of adequate staff creates an additional burden and burnout on the current staff, leading to more mistakes in med. administration, more injuries, and other negative consequences for the people we support 24/7. While we appreciate the attempts of the legislature to get direct support wages up in the last ten years (in the early 90's and late 90's and then again in 2004), it still wasn't enough to be competitive—and it is at crisis level.

And since 2001 we have received no actual rate increases other than one in 2004, most of which had to be used to raise staff salaries to the 35th percentile (which is currently equivalent to only the 8th percentile because of the loss of buying power). Yet the cost of doing business has increased steadily. What has compounded this problem is that the rate increases that we received for the five-ten years prior to 2001 have also been minimal, if any, and not enough to keep up with rising costs. So we are constantly trying to play catch-up, and our base is slowly eroding. And we still have other costs that have risen with no additional funding to cover the costs. For example, my costs for benefits (which includes worker's compensation and health insurance) have risen from \$372,318 in 2001 to \$730,653 in 2006. My worker's compensation costs alone have risen from \$31,000 in 2001 to \$205,000 in 2006. And in addition to the increases in health insurance, we have also had to decrease the benefit package each year. My costs for utilities have gone from \$73,229/year in 2001 to \$128,812 in 2006. In 2001 my staff recruitment costs were \$2988; last year it was \$18,542. Gas and oil costs and travel costs have risen from \$51,484 in 2001 to \$88,952 in 2006—and that is after I have made cutbacks to travel. The cost of different office supplies, janitorial supplies, and housekeeping supplies has doubled and in some cases tripled since 2001. (Note: A small percentage of those increases is due to some expansion of services.)

You may be asking yourself: How are you staying in business with these kinds of cost increases? The answer is two-fold. First, we have made many cuts in areas such as travel, training, advertising, organizational memberships. We have also delayed building improvements, vehicle replacements. And ironically, our high staff turnover has helped to create some vacancy savings. We have also had to tap into our fund reserves, which, as you know is not a good practice. Fund balances should be reserved for cash flow, capital improvements, program development, etc., not to cover general operating costs on a regular basis.

And now to add to the financial crisis, in this new rate system our agency is no longer able to bill the State the full amount if a consumer goes home for the weekend or if we cannot fill staff positions, even though we still have to hold the bed for them and still are expected to provide the same level of care for the people. For example, in the first five months of this year, our corporation was only able to bill an average of 96% of our budget (\$200,000 short). The rates are not enough to cover costs. The first two months of the fiscal year my expenses exceeded my revenue by approximately \$19,000.

Many of us who have been in the field for 30 years know that we are not here for the money. But why is that? The Constitution says that the care of our citizens with disabilities should be our highest priority. Why does society value people who, for example, take care of computers, more than they value staff caring for people with special needs. We need to start changing that. Direct support staff have made an incredible difference in the lives of people with disabilities, but there aren't enough of them anymore who are choosing this type of career, because we can't pay them a livable wage. Many are working 2-3 jobs to make ends meet. So now is your opportunity to change that around--to make human service delivery a viable career option for them. I value my staff. I hope you do, too.

So please consider appropriating the full \$30 million that DPHHS has determined we need in order to bring our rate to the level needed to raise staff's wages & cover actual costs. And while we support the \$11.4 million in the budget to get people off waiting lists, unless we get funding to maintain our infrastructure & pay our staff adequate wages and benefits, agencies like mine will not be able to serve more people. Thank you.